APPLICATION FOR DETERMINATION OF GOOD FAITH SETTLEMENT

The basis and terms of the settlement is that plaintiff has agreed to a dismissal with prejudice and to a full release of defendant, EPIC SYSTEMS CORPORATION, in the action entitled Ronisky v. Providence Health System, et al., Case No. BC599928, in exchange for One Million Dollars (\$1,000,000.00), which represents a full and complete settlement of plaintiff's claims and all future claims. The terms of the settlement, as set forth above, are a fair and reasonable consideration for the compromise, release, and waiver of claims stated therein.

This Application is based on the attached Memorandum of Points and Authorities and the facts stated in the attached Declaration of Jennifer A. Cooney, which is incorporated herein by this reference.

DATED: June 1, 2018

CARROLL, KELLY, TROTTER, FRANZEN, McBRIDE & PEABODY

 $\mathbf{R}\mathbf{v}$

RICHARD D. CARROLL JENNIFER A. COONEY Attorneys for Defendant

EPIC SYSTEMS CORPORATION

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

This is a medical malpractice action repackaged with a products liability theory. Plaintiff Fabian Ronisky added EPIC SYSTEMS CORPORATION as a defendant to this action, otherwise asserting claims of medical malpractice against physicians and a hospital, alleging: "Defendant medical doctors negligently failed to diagnose and/or treat Plaintiff for encephalitis. In addition, the defective electronic health record system and products made by Defendants Epic Systems Corporation and Sunquest Information Systems, Inc., failed to process a critical test for plaintiff, resulting in a significant delay."

Defendant EPIC SYSTEMS CORPORATION has agreed to pay plaintiff One Million Dollars (\$1,000,000.00) in consideration for its dismissal from the action with prejudice, and a full release from plaintiff. Further, because the settlement is not disproportionately low, the court need not consider whether Defendant has other assets.

Defendant EPIC SYSTEMS CORPORATION moves this Court for an Order determining that the settlement between plaintiff and the moving party as outlined more fully below meets the standard of good faith as set forth in <u>Code of Civil Procedure</u> sections 877 and 877.6, and the California Supreme Court in <u>Tech-Bilt, Inc. v. Woodward-Clyde & Associates</u> (1985) 38 Cal.3d 488.

II. FACTS OF THE CASE

Plaintiff Fabian Ronisky initially sued, and settled with health care providers: Stanton Axline, M.D., Morris Grabie, M.D., and hospital Providence St. John's Health Center, on the basis that the providers failed to comply with the standard of care for treating his viral meningitis, caused by herpes simplex virus. In short, plaintiff went to the emergency room at Providence St. John's Health Center in Malibu on March 2, 2015, complaining of headaches, fever, and other symptoms. Plaintiff claims that he subsequently suffered brain damage when the hospital and its doctors failed to timely administer Acyclovir, a drug that plaintiff says would have avoided further injury. Plaintiff also claims that a flaw in the Epic medical records

2

5

6

8

software system at St. John's caused a delay in a lab test order being completed, which he says caused his injuries.

III. TERMS OF THE SETTLEMENT

Defendant EPIC SYSTEMS CORPORATION hereby requests that this court, in accordance with the provisions of California Code of Civil Procedure section 877.6, enter an Order determining that the settlement described herein was entered into in good faith.

SETTLING PARTIES: (1)

The parties to this settlement are plaintiff, FABIAN RONISKY, and defendant EPIC SYSTEMS CORPORATION.

(2) TERMS:

The settling defendant EPIC SYSTEMS CORPORATION has agreed to pay plaintiff \$1,000,000.00 in consideration for its dismissal from the action with prejudice, and a full release from plaintiff.

(3) AMOUNT:

In consideration of the dismissal, with prejudice of defendant EPIC SYSTEMS CORPORATION, has agreed to pay plaintiff the sum of \$1,000,000.00.

IV. THE COURT HAS AUTHORITY TO MAKE A DETERMINATION OF GOOD **FAITH SETTLEMENT**

California Code of Civil Procedure section 877.6 authorizes the court to enter a determination that the settling parties have entered into settlement in good faith. That provision provides in pertinent part as follows:

> (a)(1) Any party to an action in which it is alleged that two or more parties are joint tortfeasors or co-obligors on a contract debt shall be entitled to a hearing on the issue of the good faith of a settlement entered into by the plaintiff or other claimant and one or more alleged tortfeasors or co-obligors, upon giving notice in the manner provided in subdivision (b) of Section 1005...

> (b) The issue of the good faith of a settlement may be determined by the court on the basis of affidavits served with the notice of hearing, and any counter affidavits filed in response, or the court may, in its discretion, receive other evidence at the hearing.

4

6

7

5

8 9

10 11

12 13

15

14

16 17

18

19

20

21 22

23

24 25

26

27

28

A determination by the court that the settlement was made in good faith shall bar any other joint tortfeasor or co-obligor for equitable comparative contribution, or partial or comparative indemnity, based on comparative negligence or comparative fault.

As demonstrated more fully below, the settlement between plaintiff and defendant is in good faith, therefore entitling the defendant to the protections afforded by California Code of Civil Procedure section 877.6 as set forth above.

THE COURT SHOULD ENTER A FINDING THAT THE SETTLEMENT WAS V. MADE IN GOOD FAITH

"Good faith" depends upon what the settling parties knew about liability at the time of the settlement, not evidence that might be acquired later. (Tech-Bilt, Inc. vs. Woodward-Clyde & Associates (1985) 38 Cal.3d 488, 499.) In Tech-Bilt, Inc. v. Woodward-Clyde & Associates, the California Supreme Court extensively and authoritatively discussed the factors to be considered in determining whether a settlement is made in good faith. The Tech-Bilt court concluded that, in assessing the "good faith" of a settlement, the ultimate determinate of good faith is whether the settlement is grossly disproportionate to what a reasonable person at the time of the settlement would estimate the settlor's liability to be. (Id. at 499-500). Accordingly, the party opposing the good faith of the settlement has the burden of establishing that "the settlement is so far 'out of the ball park' ... to be inconsistent with the equitable objectives of the statute." (*Ibid*.)

In articulating this standard, the court specifically acknowledged that this "reasonable range" test leaves "substantial latitude to the parties and to the discretion of the trial court in determining the issue, in consonance with the generalized valuation criteria of the personal injury bar, insurance claims departments, pretrial settlement courts and the judge's personal experience and of experts in the field." (Id. at 500). In that regard, the court understood "that a settlor should pay less in settlement than he would if he were found liable after trial." (Id. at 499; see also Abbott Ford, Inc. v. Superior Court (1987) 43 Cal.3d 858, 881-882).

In *Tech-Bilt*, the Supreme Court held that:

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

"The intent and policies underlying section 877.6 require that a number of factors be taken into account including a rough approximation of plaintiff's total recovery and the settlor's proportionate liability, the amount paid in settlement, the allocation of settlement proceeds among plaintiffs, and a recognition that a settlor should pay less in settlement than he would if he were found liable in a trial. Other relevant considerations include the financial conditions and insurance policy limits of settling defendants, as well as the existence of collusion, fraud or tortious conduct aimed to injure the interests of non-settling defendants. (Citations omitted) Finally, practical considerations obviously require that the evaluation be made on the basis of information available at the time of settlement. (Tech-Bilt, Inc. vs. Woodward-Clyde & Associates, supra, 38 Cal.3d at 499-500)."

The court in *Tech-Bilt* specifically acknowledged that there can be a finding of good faith even where the sums paid in settlement are grossly disproportionate to the sums prayed for in the complaint, or where the potential liability of the defendant is small when compared with an evaluation of the plaintiff's total recovery potential. (*Tech-Bilt, Inc. v. Woodward-Clyde & Associates, supra*, 48 Cal.3d at 501).

As will be discussed in more detail below, the settlement agreement between plaintiff FABIAN RONISKY and defendant, EPIC SYSTEMS CORPORATION, meets the prima facie requirements of a good faith settlement as set forth in *Tech-Bilt, Inc. v. Woodward-Clyde & Associates*, *supra*, and its progeny.

A. The Settlement Was Reached in Good Faith Based on the Information Available to the Parties at the Time of the Settlement

In the present case, an analysis of plaintiff's theories of liability and defendant's defense shows that the settlement between plaintiff and defendant was made in good faith. Considering the terms of the settlement, the fact that a settling defendant should pay less than its potential share of liability, and the fact the other defendants face significant liability, it is respectfully submitted that the amount paid by EPIC SYSTEMS CORPORATION, is within the ballpark and the present settlement deserves the approval of this court.

B. A Rough Approximation Of Plaintiff's Total Recovery

The first central damage category in this matter is general damages. Pursuant to MICRA, plaintiff's general damages are capped at \$250,000.00 for the medical negligence claim.

Regarding special damages, the defense has valued plaintiff's future loss of earnings in the range of \$5 million to \$7 million. Plaintiff values his loss of earnings at \$15 million.

Importantly, "the plaintiff's claim for damages are not determinative in finding good faith...rather, the court is called upon to make a 'rough approximation' of what the plaintiff would actually recover. (Emphasis Added.) West v. Superior Court (1994) 27 Cal.App.4th 1625, 1636. As stated by the court in Horton v. Superior Court (1987) 194 Cal.App.3d 727, 735, "in determining a settling defendant's equitable share of liability, the judge does not look to the plaintiff's claim for damages; rather the judge tries to determine a rough approximation of what the plaintiff would actually recover if the case should go to trial." (Emphasis Added.) Id.

Here, defendant's settlement is proportionate to the potential recovery that plaintiff may have at trial, and should not be measured against an exaggerated plaintiff's expert's economic analysis. Thus, taking into account the significant potential liability that the co-defendants face, as discussed below, only one conclusion can be reached. EPIC SYSTEMS CORPORATION's settlement is in good faith.

C. The Settlement Reflects A Reasonable Estimate of Defendant's Share of Liability

Applying the *Tech-Bilt* factors, the evidence demonstrates that defendants' settlement of this matter is not "grossly disproportionate to what a reasonable person" would estimate defendant's potential liability to be in this case. The settlement amount between plaintiff and defendant was reached based on economic and business considerations and evaluation of defendant's share of liability. Therefore, the settlement of \$1 million is more than a sufficient representation defendant's potential exposure in this case.

After EPIC SYSTEMS CORPORATION settles out of this matter, there still remain two other defendants who have potential liability, and two co defendant physicians that have also settled with plaintiff for their policy limits and the hospital's prior settlement as well.

VI. OTHER TECH-BILT FACTORS THAT SUPPORT A FINDING OF GOOD FAITH SETTLEMENT

A. The Allocation of Settlement Proceeds Among Plaintiff

The settlement is \$1,000,000.00 to release all claims. Here, because the allocation of defendant EPIC SYSTEMS CORPORATION's settlement is going to plaintiff, this element is irrelevant.

B. The Financial Condition and Insurance Policy Limits of Settling Defendant and Non Settling Defendants

Considering Defendant is paying more than or equal to its potential liability at trial, whether it has any resources to pay more is irrelevant. In *L.C. Rudd & Son v. Superior Court* (1997) 52 Cal. App. 4th 742, the Court of Appeal agreed that the financial condition of the settling party is irrelevant "because the settlement was not 'disproportionately low." (Id. at 749). Following *Tech-Bilt*, supra, other relevant considerations include the insurance policy limits of settling defendants. *Tech-Bilt*, supra, 38 Cal.3d 488, 499.

Co defendant Dr. Axline also settled with plaintiff for approximately \$2 million, and co defendant Dr. Grabie settled with plaintiff for approximately \$1 million. The co defendant hospital settled with plaintiff for \$4.5 million. Additionally, the remaining co-defendant physicians also have liability coverage. Sanjeev K. Seth, M.D. is insured for \$1 million dollars, and Daniel Franc, M.D. is also insured for \$1 million dollars.

Therefore, there is more than sufficient coverage assuming the maximum present cash value of plaintiff's damages, especially in light of the totality of the settlements with plaintiff.

C. The Settlement Was Reached After Arms-Length Negotiations By The Settling Parties

The settlement agreement was made with honest and lawful intent and does not contain any terms, conditions or promises, either intended or implied. There was no collusion, fraud, or tortuous conduct aimed to injure the interests of the remaining defendant. There was no agreement that Defendant EPIC SYSTEMS CORPORATION would offer to testify either for or against plaintiff, FABIAN RONISKY. There was also no agreement made for plaintiff to litigate

this matter against the remaining defendant for any more or less than any threshold figure.

VII. PUBLIC POLICY FAVORS SETTLEMENTS

"It hardly seems necessary to point out that there is an overriding public interest in settling and quieting litigation." (*Van Bronkhorst v. Safeco Corp.* (9th Cir. 1976) 529 F.2d 943, 950.) Settlement with Defendants assures plaintiff \$7,500,000 in recovery without facing the risk of a defense verdict at trial. Non-settling defendants get the benefit of an offset. (Code of Civil Procedure section 877.)

In City of Orange v. San Diego County Employees Ret. Ass'n (2002) 103 Cal.App.4th 45, the Court of Appeal voiced a similar sentiment recognizing the "well-established public policy in this state that settlements of litigation are favored and should be encouraged." (Id. at 55.) Going on, the Court explained the important interests promoted by the policy:

"[S]ettlement agreements 'are highly favored as productive of peace and good will in the community,' as well as 'reducing the expense and persistency of litigation.' [Citation.] The need for settlements is greater than ever before. "Without them our system of civil adjudication would quickly break down.' [Citation.]" (Neary v. Regents of University of California (1992) 3 Cal.4th 273, 277, superseded by statute on other grounds as stated in In re Rashad H. (2000) 78 Cal.App.4th 376, 379.) (Ibid.; unofficial citations omitted.)

In addition to the above, the *Neary* Court stated: "Requiring parties to continue to litigate a matter over which there is no longer a real dispute 'is wasteful of the resources of the judiciary." (*Neary, supra*, 3 Cal.4th at 277.) The *Neary* Court went on to acknowledge that settlement conserves judicial resources, relieves parties of the emotional and financial burdens and risks of further litigation, and permits parties to reconcile. (Id. at 278.)

The seminal opinion of *Tech-Bilt*, *Inc. v. Woodward-Clyde & Assoc.* (1985) 38 Cal.3d 488 provides a comprehensive overview of the history of the California statutes governing settlements, including Code of Civil Procedure sections 877 and 877.6,1 as well as the legislative policy and intent of promoting settlement.

The *Tech-Bilt* Court stated: "The major goals of the 1957 tort contribution legislation are, first, equitable sharing of costs among the parties at fault, and second, encouragement of

settlements." (Id. at 494; quoting River Garden Farms, Inc. v. Superior Court (1972) 26 Cal.App.3d 986, 993.)

Section 877, included as part of the tort contribution legislation, specifically addresses the effect of the release or settlement of one of several joint tortfeasors. Section 877 states in pertinent part:

Where a release, dismissal with or without prejudice, or a covenant not to sue or not to enforce judgment is given in good faith before verdict or judgment to one or more of a number of tortfeasors claimed to be liable for the same tort, or to one or more other co-obligors mutually subject to contribution rights, it shall have the following effect:

(a) It shall not discharge any other such party from liability unless its terms so provide, but it shall reduce the claims against the others in the amount stipulated by the release, the dismissal or the covenant, or in the amount of the consideration paid for it whichever is the greater.

(b) It shall discharge the party to whom it is given from all liability for any contribution to any other parties.

Shortly after the enactment of section 877, the California Supreme Court decided the case of *American Motorcycle Assn. v. Superior Court* (1978) 20 Cal.3d 578. There, the Court held that section 877 should apply to discharge a settling tortfeasor from claims for partial or comparative indemnity. (Id. at 604.) Two years later, in 1980, the Legislature responded to American Motorcycle by enacting section 877.6, which provides that settlement bars claims for partial or comparative indemnity, as well as for contribution. (Civ. Proc. Code § 877.6(c).) This statue also provides guidance relative to the court's determination of good faith of a settlement in subdivisions (b) and (d).

(b) The issue of the good faith of a settlement may be determined by the court on the basis of affidavits served with the notice of hearing, and any counter affidavits filed in response, or the court may, in its discretion, receive other evidence at the hearing.

(c) A determination by the court that the settlement was made in good faith shall bar any other joint tortfeasor or co-obligor from any further claims against the settling tortfeasor or co-obligor for equitable comparative contribution, or partial or comparative indemnity, based on comparative negligence or comparative fault.

(d) The party asserting the lack of good faith shall have the burden of proof on that issue.

EPIC SYSTEMS CORPORATION's settlement is presumptively in good faith and in accordance with the public policy in favor of settlements.

VIII. CONCLUSION

The present settlement has been made in good faith and meets the requirements set forth in *Tech-Bilt, Inc. v. Woodward-Clyd & Associates* (1985) 38 Cal.3d 488. Accordingly, EPIC SYSTEMS CORPORATION respectfully requests that the Court grant this Application for Determination of Good Faith Settlement pursuant to California Code of Civil Procedure section 877.6.

DATED: June 2, 2018

CARROLL, KELLY, TROTTER, FRANZEN, McBRIDE & PEABODY

By:

RICHARD D. CARKOLL JENNIFER A. COONEY Attorneys for Defendant

EPIC SYSTEMS CORPORATION

15/2018

DECLARATION OF JENNIFER A. COONEY

- I, Jennifer A. Cooney, declare and state as follows:
- 1. I am an attorney at law duly licensed to practice before all courts in the State of California, and I am a partner in the law firm of Carroll, Kelly, Trotter, Franzen, McBride & Peabody, attorney of record for defendant EPIC SYSTEMS CORPORATION, in the above-captioned matter. I have personal knowledge of the facts contained herein, and if called as a witness, I could and would competently testify thereto.
- 2. Plaintiff filed the original Complaint on November 3, 2015. He filed the First Amended Complaint on February 22, 2017 and added EPIC SYSTEMS CORPORATION as a DOE defendant.
- 3. Plaintiff Fabian Ronisky initially sued, and settled with health care providers: Stanton Axline, M.D., Morris Grabie, M.D., and hospital Providence St. John's Health Center, on the basis that the providers failed to comply with the standard of care for treating his viral meningitis, caused by herpes simplex virus. In short, plaintiff went to the emergency room at Providence St. John's Health Center in Malibu on March 2, 2015, complaining of headaches, fever, and other symptoms. Plaintiff claims that he subsequently suffered brain damage when the hospital and its doctors failed to timely administer Acyclovir, a drug that plaintiff says would have avoided further injury. Plaintiff also claims that a flaw in the Epic medical records software system at St. John's caused a delay in a lab test order being completed, which he says caused his injuries.
- 4. Defendant EPIC SYSTEMS CORPORATION has agreed to pay plaintiff One Million Dollars (\$1,000,000.00) in consideration for its dismissal from the action with prejudice, and a full release from plaintiff. Further, because the settlement is not disproportionately low, the court need not consider whether Defendant has other assets.
- 5. EPIC SYSTEMS CORPORATION now respectfully requests that this Court find that the settlement between plaintiff and defendant, was entered into in good faith under the relevant section of the California <u>Code of Civil Procedure</u> section 877.6 and pursuant to the considerations discussed in the accompanying Memorandum of Points and Authorities.

- 6. The evidence demonstrates that defendant's agreement to pay plaintiff \$1 million for full and complete settlement of this matter as to Defendant EPIC SYSTEMS CORPORATION, is not "grossly disproportionate to what a reasonable person" would estimate defendant's potential liability to be in this case. The settlement amount between plaintiff and defendant, was reached based on economic and business considerations, and evaluation of defendant's share of liability.
- 7. After defendant EPIC SYSTEMS CORPORATION settles out of this matter, there still remains two other defendants who have potential liability. Sanjeev K. Seth, M.D. is insured for \$1 million dollars. Daniel Franc, M.D. is also insured for \$1 million dollars and there is more than enough insurance coverage for this case. Further, co defendant Dr. Axline settled his share of the case with plaintiff for \$2 million and co defendant Dr. Grabie settled his share of the case for \$1 million. The co defendant hospital settled with plaintiff for \$4.5 million.
- 8. The settlement agreement was made with honest and lawful intent and does not contain any terms, conditions or promises, either intended or implied. There was no collusion, fraud, or tortuous conduct aimed to injure the interests of the remaining defendants. There are no terms other than those as set forth in the Application, Memorandum of Points and Authorities, Notice of settlement and this declaration.
- 9. Based on the foregoing, I believe that the terms of the settlement are a fair and reasonable consideration for the compromise, release and dismissal as agreed to by the parties.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on June 2, 2018, in Long Beach California.

JENNIFER & COONEY

26

27

28

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

PROOF OF SERVICE

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action. My business address is Post Office Box 22636, Long Beach, CA 90801-5636. On June 22, 2018, I served a true and correct copy of the following document APPLICATION FOR DETERMINATION OF GOOD FAITH SETTLEMENT PURSUANT TO CODE OF CIVIL PROCEDURE, SECTION 877.6(A)2); DECLARATION OF JENNIFER A. COONEY IN SUPPORT THEREOF on the list of interested parties attached hereto:

- By United States Certified Mail, Return Receipt Requested (CCP §§1013a, et seq.): I enclosed said document(s) in a sealed envelope or package to each addressee. I placed the envelope for collection and mailing, following our ordinary business practices. I am readily familiar with the firm's practice for collecting and processing correspondence for mailing. On the same day that correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service, with postage fully prepaid.
- By Overnight Delivery/Express Mail (CCP §§1013(c)(d), et seq.): I enclosed said document(s) in a sealed envelope or package provided by an overnight delivery carrier to each addressee. I placed the envelope or package, delivery fees paid for, for collection and overnight delivery at an office or at a regularly utilized drop box maintained by the express service carrier at 111 West Ocean Boulevard, Long Beach, California.
- By Fax Transmission (CRC 2.306): Based on a written agreement of the parties to accept service by fax transmission, I faxed said document(s) to each addressee's fax number. The facsimile machine that I utilized, (562) 432-8785, complied with California Rules of Court, Rule 2.301(3), and no error was reported by the machine. Pursuant to Rule 2.306(h)(4), I caused the machine to print a record of the transmission, a copy of which is attached to the original of this proof of service.
- By Electronic Transmission: Via e-mail to the address shown above...

I declare under the penalty of perjury under the laws of the State of California and of the United States that the foregoing is true and correct.

Executed on June 22, 2018, at Long Beach, California.

1	Proof of Service
2	Ronisky v. Providence, etc., et al., Case No. BC599928
3	Joshua H. Haffner, Esq. 105-1385-20
4	Graham G. Lambert, Esq Haffner Law. P.C.
5	445 South Figueroa Street, Suite 2325 Los Angeles, CA 90071
6	Facsimile: (213) 514-5682 jhh@haffnerlawyers.com
7	Attorney for Plaintiffs
8	Raymond L. Blessey, Esq. 105-1385-20 Kevin L. Metros, Esq.
9	Reback, McAndrews, & Blessey, LLP 1230 Rosecrans Avenue, Suite 450
10	Manhattan Beach, CA 90266 Facsimile: (310) 297-9800
11	Attorneys for Defendant Sanjeev K. Seth, M.D.
12	Christopher P. Wend, Esq. 105-1385-20 Nicoli Z. Richardson, Esq.
13	La Follette, Johnson, DeHaas, Fesler & Ames 865 South Figueroa Street, 32 nd Floor
14	Los Angeles, CA 90017-5431 Facsimile: (213) 426-3650
15	cwend@ljdfa.com
16	nrichardson@ljdfa.com Attorneys for Defendant Daniel Franc, M.D.
	nrichardson@ljdfa.com
16	nrichardson@ljdfa.com
16 17	nrichardson@ljdfa.com
16 17 18	nrichardson@ljdfa.com
16 17 18 19	nrichardson@ljdfa.com
16 17 18 19 20	nrichardson@ljdfa.com
16 17 18 19 20 21	nrichardson@ljdfa.com
16 17 18 19 20 21 22	nrichardson@ljdfa.com
16 17 18 19 20 21 22 23	nrichardson@ljdfa.com
16 17 18 19 20 21 22 23 24	nrichardson@ljdfa.com
16 17 18 19 20 21 22 23 24 25	nrichardson@ljdfa.com
16 17 18 19 20 21 22 23 24 25 26	nrichardson@ljdfa.com
16 17 18 19 20 21 22 23 24 25 26 27	nrichardson@ljdfa.com